



Sean Rogan
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

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Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

July 05, 2011

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

ADOPTED

BOARD OF COMMISSIONERS
HOUSING AUTHORITY

1-H JULY 5, 2011

SACHI A. HAMAI
EXECUTIVE OFFICER

**ADOPT SUPPLEMENTAL RESOLUTION DECLARING OFFICIAL INTENT TO ISSUE
MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN
UNINCORPORATED FLORENCE-FIRESTONE
(DISTRICT 1) (3 VOTE)**

SUBJECT

This letter recommends that your Board adopt a Resolution declaring its official intent to issue Multifamily Housing Mortgage Revenue Bonds for Slauson Station, a 30-unit multifamily project. The Bonds will finance site acquisition and construction for Slauson Station, which will be located at 1707 -1717 East 61st Street in unincorporated Florence-Firestone. This letter relates to an item on the agenda of the Board of Supervisors for approval of the bond issuance.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the adoption of a resolution supplementing the original declaration of official intent to issue Multifamily Housing Mortgage Revenue Bonds is not subject to the California Environmental Quality Act (CEQA), because the proposed activity will not have the potential for causing a significant effect on the environment.
2. Adopt and instruct the Mayor to sign a Resolution, as required under Treasury Regulations, declaring an intent by Slauson Station Apartments, L.P. (Developer), a California Limited Partnership, to undertake bond financing in an amount not exceeding \$7,500,000 to finance the site acquisition and construction of Slauson Station Apartments, a 30-unit multifamily rental housing development located at 1707-1717 East 61st Street in unincorporated Florence-Firestone.
3. Authorize the Executive Director or his designee to submit an application to the California Debt

Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate amount not exceeding \$7,500,000 for the purposes described herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to approve a Resolution by the Housing Authority declaring its intent to issue Multifamily Housing Mortgage Revenue Bonds in an aggregate amount not exceeding \$7,500,000, and to authorize the Executive Director to apply to CDLAC for a private activity bond allocation in the same amount, in order to finance the site acquisition and construction of Slauson Station Apartments.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The bonds will be repaid solely through rent revenues collected by the Developer. The Developer will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Project, to be located at 1707-1717 East 61st Street in unincorporated Florence-Firestone, will be a three-story apartment building with five one-bedroom units, 14 two-bedroom units and 11 three-bedroom units. Four of the units will be reserved for households with incomes that do not exceed 30% of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). Nine of the units will be reserved for households with incomes that do not exceed 35% of AMI, and sixteen units will be reserved for households with incomes that do not exceed 50% of AMI. The affordability requirements will remain in effect for 55 years. The manager's unit will have no affordability requirements.

Adoption of the Resolution by your Board announcing the intent to issue Multifamily Housing Mortgage Revenue Bonds is required to establish a base date after which costs incurred by the Developer may be included in the construction and permanent financing obtained pursuant to issuance of the tax-exempt bonds. The Resolution is also required to complete the Housing Authority's application to CDLAC.

The Housing Commission previously recommended approval of the proposed action at its meeting on November 19, 2008. On December 2, 2008, your Board adopted a Resolution declaring the intent to issue Multifamily Housing Mortgage Revenue Bonds in the amount of \$6,800,000.

Due to unfavorable financing terms, the issuance of the bonds was postponed, and the Project has not been completed. High interest rates and the general downturn in the housing market have also impeded project completion. We are presenting this resolution to your Board for approval in order to supplement the original resolution dated December 2, 2008. This supplemental Resolution will increase the Bond allocation amount from \$6,800,000 to \$7,500,000 to meet market challenges. It will also allow the Developer to incur additional reimbursement expenditures within 60 days prior to the adoption of this resolution and prior to the issuance of indebtedness for the purpose of financial costs associated with the project on a long term basis.

On February 18, 2011, the Housing Authority conducted a hearing at its office located at 2 Coral Circle in Monterey Park regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing

concerning the issuance of the bonds or the nature and location of the Project.

The attached Resolution was prepared by Kutak Rock, Housing Authority Bond Counsel, and approved as to form by County Counsel. On June 22, 2011 the Housing Commission recommended approval of the proposed action.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment.

This action is also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

The Community Development Commission prepared an Environmental Assessment for this project pursuant to the requirements of NEPA. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Certifying Official of the Community Development Commission on August 2, 2005. Following the required public and agency comment period, HUD issued a Release of Funds for the project on August 23, 2005.

Approval of the Environmental Assessment/Mitigated Negative Declaration, including the Mitigation and Monitoring Plan, by the Board of Commissioners on May 2, 2006 and filing of the Notice of Determination satisfies CEQA requirements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed action is a necessary step to provide bond financing for the Project, which will retain the supply of affordable multifamily housing in the County with long-term affordability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:jwr

Enclosures

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES
SUPPLEMENTING ITS ORIGINAL OFFICIAL DECLARATION OF
INTENT TO UNDERTAKE THE FINANCING OF A
MULTIFAMILY HOUSING PROJECT AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Authority") is authorized and empowered by the provisions of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act") to issue and sell mortgage revenue bonds for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, Slauson Station Apartments L.P., a California Limited Partnership (or an affiliate or assign) (the "Borrower"), has requested that the Authority issue and sell its mortgage revenue bonds pursuant to the Act to provide financing for the acquisition and construction of a multifamily rental housing development consisting of 30 units to be located at 1707-1717 East 61st Street, in unincorporated Los Angeles County (the "Project"); and

WHEREAS, this Board of Commissioners of the Authority (the "Board") hereby finds and declares that it is necessary, essential and a public purpose for the Authority to finance multifamily housing projects pursuant to the Act, in order to increase the supply of multifamily housing in Los Angeles County available to persons and families within the income limitations established by the Act; and

WHEREAS, as an inducement to the Borrower to carry out the Project, this Board desires to supplement the resolution adopted December 2, 2008 (the "Original Inducement Resolution") and to authorize the issuance of mortgage revenue bonds by the Authority to finance the Project (the "Bonds") in a principal amount not to exceed \$7,500,000; and

WHEREAS, the Authority, in the course of assisting the Borrower in the financing of the Project expects that the Borrower has paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project within 60 days prior to the adoption of the Original Inducement Resolution and may incur additional Reimbursement Expenditures within 60 days prior to the adoption of this Resolution and prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, Section 1.142-4 and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California (the "Government Code") governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue multifamily housing mortgage revenue bonds; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application with the California Debt Limit Allocation Committee ("CDLAC") prior to the issuance of multifamily housing mortgage revenue bonds; and

WHEREAS, this Board hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board hereby determines that it is necessary and desirable to provide financing for the Project by the issuance and sale of mortgage revenue bonds pursuant to the Act and hereby authorizes the issuance and sale of the Bonds by the Authority in aggregate principal amounts not to exceed \$7,500,000 (which amount has been increased from the Original Inducement Resolution). This action is taken expressly for the purpose of supplementing the Original Inducement Resolution and inducing the Borrower to undertake the Project, provided that nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any officer, agent or employee of the Authority will grant any approval, consent or permit which may be required in connection with the acquisition and construction of the Project or the issuance of the Bonds.
3. The issuance and sale of the bonds shall be upon such terms and conditions as may be agreed upon by the Authority and the Borrower and the initial purchasers of the Bonds; provided, however, that the Bonds shall not be sold or issued unless specifically authorized by the subsequent resolution of this Board.
4. The Authority affirms the Original Inducement Resolution as to all matters set forth therein. This Resolution supplements the Original Inducement Resolution and is being adopted by the Authority for purposes of establishing compliance with the requirements of Section 1.142-4 and Section 1.150-2 of the Treasury Regulations. In that regard, the Authority hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures. Notwithstanding the foregoing, this resolution does not bind the Authority to make any expenditure, incur any indebtedness, or proceed with the Project.
5. The proper officers of the Authority are hereby authorized and directed to apply to CDLAC for a private activity bond allocation for application by the Authority to the issuance the Bonds for the Project in an amount not to exceed \$7,500,000, to collect from the Borrower an amount equal to the performance deposit required by CDLAC and

to certify to CDLAC that such amount has been placed on deposit in an account in a financial institution.

6. The proper officers of the Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable, provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by this Board in the manner provided by law prior to the sale thereof.

7. This Resolution shall take effect immediately upon its adoption.

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PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles, State of California, this 5th day of July, 2011, by the following vote:

AYES: *Supervisors Molina, Ridley-Thomas, Yaroslavsky, Knabe and Antonovich*

NOES: *NONE*

ABSENT: *NONE*

ABSTAIN: *NONE*

By: *Mike Antonovich*
Chairman of the Board of Commissioners

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Commissioners

By: *Lachelle Smitherman*
Deputy



APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN
County Counsel

By: *Behnaz Jachakone*
Deputy